

3

		Target 2014	Price 2015	Range 2016
				32
		-----	-----	24
				20

Month	Number of People
January	18
February	15
March	12
April	10
May	8
June	12
July	15
August	18
September	15
October	12
November	10
December	8

6
4
3
% TOT RETURN 5/11

	% TOT. RETURN 5/11	
	THIS STOCK	VL ARITH.* INDEX
1 yr.	22.6	28.8
3 yr.	46.9	38.8
5 yr.	-45.0	53.2

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
7.66	9.48	10.66	13.17	14.66	16.75	18.06	18.05	18.48	20.32	22.35	23.65	Revenues per sh ^A	26.30
1.16	1.43	1.64	1.89	2.08	2.03	1.47	1.38	1.49	1.65	1.80	2.00	"Cash Flow" per sh	2.50
.76	.97	1.13	1.32	1.42	1.25	.56	.39	.50	.65	.75	.90	Earnings per sh ^{AB}	1.25
--	--	.08	.08	.18	.24	--	--	--	--	Nil	Nil	Div'd Decl'd per sh ^D	Nil
.30	.49	.69	.83	1.12	1.40	1.11	.88	.80	.83	.90	.95	Cap'l Spending per sh	1.15
5.11	5.65	6.82	8.12	9.35	9.94	.33	.63	1.42	2.07	2.80	3.65	Book Value per sh ^C	6.95
245.44	238.57	240.21	243.48	244.79	242.12	243.17	246.61	249.86	251.77	255.00	255.00	Common Shs Outst'g ^E	255.00
24.7	20.3	16.8	16.8	16.6	16.6	15.6	12.7	10.0	12.2	Bold figures are		Avg Ann'l P/E Ratio	15.0

1.27	1.11	.96	.89	.88	.90	.83	.76	.67	.77	Value	Line	Relative P/E Ratio	1.00
--	--	.4%	.4%	.8%	1.2%	--	--	--	--	estimates		Avg Ann'l Div'd Yield	Nil
1879.8	2262.6	2560.6	3205.9	3588.8	4056.6	4392.1	4451.6	4617.1	5115.0	5700	6025	Revenues (\$mill) ^A	6700
23.9%	22.8%	23.2%	21.8%	20.9%	18.0%	15.0%	9.8%	14.5%	14.5%	14.7%	15.0%	Operating Margin	15.5%

90.6	95.3	109.9	134.9	155.2	188.2	220.8	244.4	247.9	251.5	270	280	Depreciation (\$mill)	315
195.0	246.4	283.4	325.1	353.1	304.3	137.5	95.7	123.4	163.9	190	230	Net Profit (\$mill)	320

39.3%	39.3%	38.2%	38.3%	37.5%	38.8%	36.3%	37.7%	33.2%	35.2%	36.0%	36.0%	Income Tax Rate	38.0%
10.4%	10.9%	11.1%	10.1%	9.8%	7.5%	3.1%	2.1%	2.7%	3.2%	3.3%	3.8%	Net Profit Margin	4.8%

377.1	422.1	820.3	621.5	d80.7	540.0	468.4	560.8	547.0	637.5	740	875	Working Cap'l (\$mill)	1150
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429.0	650.2	924.7	925.5	366.6	1297.0	3566.4	3186.9	3004.7	2983.7	2875	2800	Long-Term Debt (\$mill)	2500
1253.6	1346.8	1637.1	1978.0	2289.5	2406.1	81.0	154.3	355.2	520.9	715	925	Shr. Equity (\$mill) ^c	1765

11.8%	12.6%	11.6%	11.5%	13.5%	9.0%	6.7%	6.4%	6.9%	7.7%	7.5%	8.5%	Return on Total Cap'l	9.0%
15.6%	18.3%	17.3%	16.4%	15.4%	12.6%	N/A	62.0%	34.7%	31.5%	26.5%	25.0%	Return on Shr. Equity	18.0%

15.6%	18.3%	16.1%	15.4%	13.7%	10.2%	NMF	62.0%	34.7%	31.5%	26.5%	25.0%	Return on Sm. Equity	18.0%
15.6%	18.3%	16.1%	15.4%	13.7%	10.2%	NMF	62.0%	34.7%	31.5%	26.5%	25.0%	Retained to Com Eq	18.0%

--	--	7%	6%	11%	19%	--	--	--	--	<i>Nil</i>	<i>Nil</i>	All Div'ds to Net Prof	<i>Nil</i>
BUSINESS: Health Management Associates, Inc. provides a range of general acute care health services in non-urban communities. The company manages 59 hospitals in 15 states (AL, AR, FL, GA, KY, MS, MO, NC, OK, PA, SC, TN, TX, WA, and WV), with 8,864 beds. Emplys.: 35,800. Rev. breakdown in '10: Medicare, 32%; Medicaid, 9%; commercial, 50%; private, 9%. Occupancy rate in								2010: 43.5%. W. J. Schoen owns 2.3% of common; offs. & dirs., 4.5%; Wellington Man. Comp., 9.3%; BlackRock, 8.9%; Vanguard Specialized Funds, 5.8%; T. Rowe Price, 5.0% (4/11 proxy). Chairman: William J. Schoen. Pres. & CEO: Gary D. Newsome, Inc.: DE. Addr.: 5811 Pelican Bay Blvd., Suite 500, Naples, FL 34108-2710. Tel.: 941-598-3131. Internet: www.hma-corp.com.					

Health Management Associates' earnings are on pace to climb 15% this year. Profitability should be driven by improving cost management, particularly with regard to operating expenses. Inpatient admissions have been lackluster

due in part to severe weather in many of the regions that HMA serves. However, those that did come to its hospitals were admitted, and outpatient business picked up a good bit of the slack. Investors should make note that management has demonstrated a penchant for putting out

conservative guidance and then beating it. Our \$0.75 EPS call is right in the middle of the provided range, but we would not be surprised if this figure inches up somewhat as the year progresses. **We anticipate that bad-debt levels will hold steady at around 12% to 13% of**

revenues. Total uncompensated care was up 70 basis points year over year in the March quarter, but down 10 basis points sequentially. These sways were not disruptive to the bottom line, and the positive here is that uninsured volumes are down 7% over the last three months. Too, bad-debt expense has been sliding downward to rebound through 2011. Too, recovery potential out to mid-decade is worthwhile.

Erik M. Manning June 17, 2011

CASH POSITION	5-Year Av'g	3/31/11
Current Assets to Current Liabilities:	199%	223%
Cash & Equip's to Current Liabilities:	29%	39%
Working Capital to Sales:	13%	13%

Therefore, it's charity care that is the only negative component. Florida, where HMA generates nearly 30% of its revenues, will be a key player in this metric remaining static. Local economies there have shown signs of stability of late.

Longer term, plans are in the works to maintain volume growth. A three-pronged approach is currently being implemented. This starts with the streamlining of emergency room operations. Recruitment of physicians is the second cog in this machine. Lastly, extensions of existing service lines will widen what is available to potential patients. Already, these drivers have begun to show results. Again, Florida has been the leader in this charge.

Momentum-based and long-term accounts should find this equity attractive. These timely shares have continued to rebound through 2011. Too, recovery potential out to mid-decade is worthwhile.

Erik M. Manning *June 17, 2011*

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Working Capital to Sales:	13%	13%

Excludes one-time	Company's Financial Strength	C+
per share paid March	Stock's Price Stability	10
and suspended there-	Price Growth Persistence	15
for stock split	Earnings Predictability	60

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